

# Title of report: Purchase of flats for temporary accommodation

**Decision maker: Cabinet member adults, health and wellbeing**

**Decision date: 15<sup>th</sup> May 2026**

**Report by: Strategic Housing Manager**

## **Classification**

Open

## **Decision type**

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

## **Wards affected**

Hinton and Hunderton;

## **Purpose**

To approve the purchase of four, one bed flats in Hereford City up to a maximum purchase price of £550K subject to due diligence being completed and the purchase demonstrating value for money. The flats will be used to provide temporary accommodation to households owed a housing duty.

## **Recommendation(s)**

**That:**

- a) The Council purchases four, one bed flats in Hereford City up to a maximum budget of £550K, subject to the s151 Officer being satisfied the appropriate heads of terms have been agreed, due diligence has been completed, and the purchase provides value for money.**
- b) An allowance of up to £5000 per unit is agreed for costs related to the purchase and preparation of the flats. These costs include, but are not limited to, legal fees, surveys and a fire risk assessment.**

- c) That all operational decisions in relation to delivery of recommendation (a) and (b) are delegated to the Corporate Director Community Wellbeing in consultation with Property Services.

### Alternative options

1. Not to purchase the flats for use as temporary accommodation. This is not recommended as the council has a statutory duty to prevent homelessness and where homelessness does occur, to provide accommodation for people and families in housing need. Using council owned and managed units of accommodation is much more cost effective than using costly Bed and Breakfast (B&B)/ chain hotel accommodation.

### Key considerations

2. The council has a statutory duty to prevent and relieve homelessness. Nationally, the number of households in temporary accommodation (TA) has reached record levels. Demand continues to grow, both nationally and locally; 93 households were accommodated in TA in January 2023, 148 in January 2024, 156 in January 2025 and 184 in January 2026. Demand for TA is mainly driven by a shortage of social rented housing, the high cost of private rented housing, the impact of the Renters Rights Act and the increased cost of living. The Council provided 326 households with temporary accommodation during 2024/25.
3. Spend has increased alongside demand, as can be seen in the table below, which includes the forecast spend for 2025/26.

Temporary Accommodation Provision (Bed & Breakfast, Hotel)		
Period	Gross expenditure total	Full year gross expenditure forecast
2025-2026 at end of December 2025 (Period 9)	2,295,635	2,977,970
2024-2025 final spend	2,217,061	
2023-2024 final spend	1,675,935	

4. The limited supply B&B/ Hotel accommodation in Herefordshire, along with increasing demand and seasonal variations mean the cost of securing short term accommodation for people that are homeless continues to rise. The current average cost (January 2026) to the council for an individual placed in the Travelodge is £85.00 for one night. This equates to £595 per week, £2,550 per month and £31,025 per year. The Housing Service offset as much of this cost as possible by claiming housing benefit, but this does not cover the whole cost, or all circumstances.
5. In April 2026, the council was accommodating 188 households in temporary accommodation.
6. The flats we are seeking to purchase are all one-bedroom self-contained units. They are well located in Hereford City and are in excellent condition.
7. A red book valuation and survey will be undertaken to ensure value for money.

### Community impact

8. The purchase of good quality accommodation for use as TA links directly to the priorities set out in the council's corporate plan:
  - **People** - We will enable residents to realise their potential, **to be healthy and benefit from communities that help people to feel safe and supported.**
  - **Place** - We will protect and enhance our environment and ensure that Herefordshire remains a great place to live. **We will support the right housing in the right place** and do everything we can to improve the health of our rivers.
9. Improving emergency responses to homelessness is one of the five pillars of the new National Plan to End Homelessness and links directly with the Government's National Child Poverty Strategy, which seeks to eliminate the use of B&B accommodation for families, except in emergencies, by the end of this parliament.
10. This is also reflected in Herefordshire's Homelessness Prevention and Rough Sleeping Strategy 2026 – 2031, developed with partners, which was published in March 2026.

## Environmental impact

11. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
12. The Housing Service seeks to minimise any adverse environmental impact of this decision and will actively seek opportunities to improve and enhance environmental performance. Wherever possible the Council aims to purchase residential properties with an EPC of C or above, or work towards this EPC level.

## Equality duty

13. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
14. The mandatory equality impact screening checklist has been completed for this decision, and it has been found that whilst this project does make a positive contribution to improving housing for some vulnerable households the overall impact for equality is low, so a full Equality Impact Assessment is not required.
15. The following equality considerations have been taken into account when developing this decision report:
  - a. A report based on Government and ONS data published by the charity Shelter in December 2025, revealed some significant inequalities in the populations accessing TA nationally, specifically.
    - Black-led households are significantly more likely to be homeless in temporary accommodation compared to other groups. They make up just 4% of the general population but a huge 23% of households in temporary accommodation.
    - Lone women with children are also hugely over-represented in temporary accommodation. They make up 22% of families in the general population, but 58% of families in temporary accommodation.

- b. Disabled people and people with a long-term condition are also over-represented amongst households in TA. Information from the charity, Homelessness Impact, suggests that in England the number of households owed a statutory housing duty due to physical disability or ill-health increased by 73% between 2018/19 and 2021/22.

## Resource implications

16. The purchase of these properties will be funded by the temporary accommodation element of the Local Government Funding Settlement revenue support grant. The budget for 2026/27 has been calculated at £928K.
17. A basic annual cost per household has been worked out by dividing the annual cost of TA for 2024/25 (£2,217,061) by the number of households accommodated during the same period (326) = £6,800 per household. This cost has been used to calculate potential savings but doesn't take into account any costs offset by housing benefit, as this is not guaranteed and doesn't cover the full cost of providing accommodation.

Revenue or Capital cost of project (indicate R or C)	2026/27	2027/28	2028/29	Future Years	Total
	£000	£000	£000	£000	£000
<i>R – Purchase of 4 x 1 bed flats</i>	550	0	0	0	550
<i>R – Costs related to purchase and preparation of 4 x 1 bed flats (£5K per unit)</i>	20	0	0	0	20
<b>TOTAL</b>	<b>570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2026/27	2027/28	2028/29	Future Years	Total
	£000	£000	£000	£000	£000
<i>Local Government Settlement Revenue Support Grant – Temporary Accommodation Element</i>	570	0	0	0	570
<b>TOTAL</b>	<b>570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>570</b>

Revenue budget implications	2026/27	2027/28	2028/29	Future Years	Total
	£000	£000	£000	£000	£000
<i>There is a potential saving of at least £27K per annum based on moving 4 households into council owned accommodation.</i>	27	27	27	27	108
<i>This has been calculated using the costs set out in point 17.</i>					
<b>TOTAL</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>108</b>

## Legal implications

21. Section 120 Local Government Act 1972 provides a specific power for a Council to acquire land by agreement to deliver its statutory functions or improvement or benefit for its area. Section 9 Housing Act 1985 permits a Council to provide housing accommodation by acquiring housing. Part 7 Housing Act 1996 sets out the Council's duties in relation to providing accommodation to persons that are homeless and Section 1 Localism Act 2011 conferred a power of competence on a Council to do anything that individuals may generally do.
22. The properties will be acquired in accordance with the Council's Finance Procedure Rules and a red book valuation will be undertaken to demonstrate value for money.

## Risk management

23. Consideration has been given to the risks / opportunities to the council if the recommendation is agreed.

<b>Risk / Opportunity</b>	<b>Mitigation</b>
Paying too much for the property	An offer will be made subject to a red book valuation to ensure value for money.
Unexpected work is required	Surveys will be completed as part of the purchase process. If significant works are identified, the council will enter into negotiations or withdraw its offer.
Under utilisation of asset	Recent data indicates that there is a high level of demand for temporary accommodation. If this were to change the flats could be used as transitional accommodation.

24. Risks will be managed at a service level but will be escalated if there is a risk to the agreed spend level.

## Consultees

25. A political group consultation was held on 6 May 2026. The following feedback was received:
  - Councillors were in favour of the proposed purchase and keen to understand the potential costs saving to the council as a direct result of the purchase.
  - Councillors are aware of increased demand for temporary accommodation, the national drivers to improve the quality of temporary accommodation and the Governments National Plan to end homelessness.

## Appendices

None

**Background papers**

None

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

B&B = Bed and Breakfast

TA = Temporary Accommodation

LHA = Local Housing Allowance